

**HAMPTON-DUMONT
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------|--------------|---------------------|
|-------------|--------------|---------------------|

Board of Education

(Before September 2008 Election)

| | | |
|-----------------|----------------|------|
| John Showalter | President | 2008 |
| Ryan Winters | Vice President | 2009 |
| Scott Sackville | | 2011 |
| Ron Raney | | 2008 |
| Verla Pecha | | 2009 |
| Kristin Wraage | | 2011 |
| Stacy Miller | | 2011 |

(After September 2008 Election)

| | | |
|-----------------|----------------|------|
| Ryan Winters | President | 2009 |
| Ron Raney | Vice President | 2011 |
| Scott Sackville | | 2011 |
| John Showalter | | 2009 |
| Verla Pecha | | 2009 |
| Kristin Wraage | | 2011 |
| Stacy Miller | | 2011 |

School Officials

| | |
|-------------|----------------------------------|
| Todd Lettow | Superintendent |
| Lisa Lewis | District Secretary/ Treasurer |

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

To the Board of Education of
Hampton-Dumont Community School District:

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Hampton-Dumont Community School District, Hampton, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Hampton-Dumont Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2010 on our consideration of Hampton-Dumont Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 36 through 37 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hampton-Dumont Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

BRUCE D. FRINK
Certified Public Accountant

March 19, 2010

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Hampton-Dumont Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$10,444,011 in fiscal 2008 to \$11,179,502 in fiscal 2009, while General Fund expenditures decreased from \$10,510,424 in fiscal 2008 to \$10,384,844 in fiscal 2009.
- The increase in General Fund revenues was primarily attributable to increased local and state sources of revenues. The decrease in expenditures was due to personnel reductions and cost containment measures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Hampton-Dumont Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Hampton-Dumont Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Hampton-Dumont Community School District acts solely as agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the Student Activity and fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Hampton-Dumont Community School District Annual Financial Report

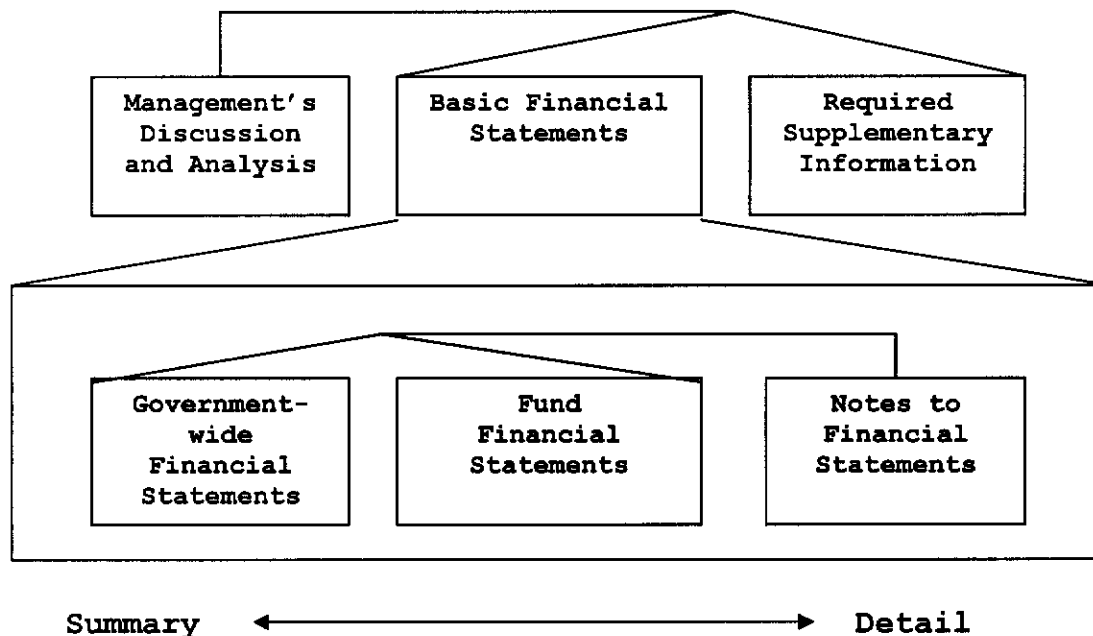


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

| Figure A-2 Major Features of the Government-wide and Fund Financial Statements | | | | |
|---|--|--|--|---|
| | Government-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance | Activities the District operates similar to private businesses: food services and internal services | Instances in which the district administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to treat all funds as "major" funds.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Funds and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District also has an Internal Service Fund which it uses to account for health insurance benefits.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

| Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands) | | | | | | | |
|--|-------------------------|--------|--------------------------|------|----------------|--------|--------------|
| | Governmental Activities | | Business type Activities | | Total District | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 |
| Current assets | \$ 12,032 | 10,380 | 161 | 153 | 12,193 | 10,533 | 15.76% |
| Capital assets | 12,054 | 12,312 | 85 | 56 | 12,139 | 12,368 | -1.85% |
| Total assets | 24,086 | 22,692 | 246 | 209 | 24,332 | 22,901 | 6.25% |
| Current liabilities | 9,292 | 8,947 | 8 | - | 9,300 | 8,947 | 3.95% |
| Non-current liabilities | 8,473 | 9,019 | - | - | 8,473 | 9,019 | -6.05% |
| Total liabilities | 17,765 | 17,966 | 8 | - | 17,773 | 17,966 | -1.07% |
| Net Assets | | | | | | | |
| Invested in capital assets, net of related debt | 3,879 | 3,607 | 85 | 56 | 3,964 | 3,663 | 8.22% |
| Restricted | 1,846 | 1,410 | - | - | 1,846 | 1,410 | 30.92% |
| Unrestricted | 596 | (291) | 153 | 153 | 749 | (138) | 542.75% |
| Total net assets | \$ 6,321 | 4,726 | 238 | 209 | 6,559 | 4,935 | 32.91% |

The District's combined net assets increased by almost 33%, or approximately \$1.6 million over the prior year. This was primarily due to increases in the General and Capital Projects Funds and capital asset purchases.

Unrestricted net assets - the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased by approximately \$887,000.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

| Figure A-4 | | | | | | | |
|---|----------|--------------------------|------|-----------------------|--------|--------------|---------|
| Changes in Net Assets | | | | | | | |
| (Expressed in Thousands) | | | | | | | |
| Governmental Activities | | Business type Activities | | Total School District | | Total Change | |
| 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for service and sales | \$ 386 | 346 | 270 | 260 | 656 | 606 | 8.25% |
| Operating grants, contributions and restricted interest | 2,297 | 2,217 | 349 | 306 | 2,646 | 2,523 | 4.88% |
| General revenues: | | | | | | | |
| Property and income surtaxes | 4,737 | 4,602 | - | - | 4,737 | 4,602 | 2.93% |
| Income surtax | 142 | 168 | - | - | 142 | 168 | -15.48% |
| Statewide sales and services tax | 1,070 | 839 | - | - | 1,070 | 839 | 27.53% |
| Unrestricted state grants | 5,128 | 4,896 | - | - | 5,128 | 4,896 | 4.74% |
| Unrestricted investment earnings | 54 | 46 | - | - | 54 | 46 | 17.39% |
| Other | 45 | 111 | - | - | 45 | 111 | 59.46% |
| Total revenues | 13,859 | 13,225 | 619 | 566 | 14,478 | 13,791 | 4.98% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction | 7,598 | 7,597 | - | - | 7,598 | 7,597 | 0.01% |
| Support services | 2,815 | 3,172 | - | - | 2,815 | 3,172 | -11.25% |
| Non-instructional programs | - | - | 590 | 561 | 590 | 561 | 5.17% |
| Other expenses | 1,853 | 2,175 | - | - | 1,853 | 2,175 | -14.80% |
| Total expenses | 12,266 | 12,944 | 590 | 561 | 12,856 | 13,505 | -4.81% |
| Change in net assets | \$ 1,593 | 281 | 29 | 5 | 1,622 | 286 | 467.13% |

Property tax and unrestricted state grants account for 68% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 81% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$13,859,007 and expenses were \$12,265,665 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

| Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands) | | | | | | |
|--|------------------|------------------|----------------------|--------------|------------------|----------------|
| Total Cost of Services | | | Net Cost of Services | | | |
| 2009 | 2008 | Change 2008-2009 | 2009 | 2008 | Change 2008-2009 | |
| Instruction | \$ 7,598 | 7,597 | 0.01% | 5,497 | 5,672 | -3.09% |
| Support Services | 2,815 | 3,172 | -11.25% | 2,777 | 3,094 | -10.25% |
| Other expenses | <u>1,853</u> | <u>2,175</u> | <u>-14.80%</u> | <u>1,308</u> | <u>1,615</u> | <u>-19.01%</u> |
| Totals | <u>\$ 12,266</u> | <u>12,944</u> | <u>-5.24%</u> | <u>9,582</u> | <u>10,381</u> | <u>-7.70%</u> |

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$386,395.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,309,438.
- The net cost of governmental activities was financed with \$4,736,093 in property taxes and \$5,128,594 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$619,333 and expenses totaled \$590,545. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for food service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Hampton-Dumont Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balances of \$2,245,538, a 111% increase from last year's ending fund balance of \$1,066,351.

Governmental Fund Highlights

- The District's General Fund financial position decreased during the past year. Allowable growth of 4% or less is inadequate to afford regular salary increases as well as increased costs for other items.
- The statewide sales and services tax has replaced the local option sales tax in fiscal year 2009. These monies are being used for infrastructure projects and/or debt reduction.
- Midyear state aid cuts pose a major problem to proper planning.

Proprietary Fund Highlights

The School Nutrition Fund balance increased approximately \$29,000 during the fiscal year ending June 30, 2009. This was a result of good participation and careful monitoring of expenses.

BUDGETARY HIGHLIGHTS

The District's receipts were \$547,000 higher than budgeted receipts. This variance resulted from the District receiving larger than expected miscellaneous revenues. Additional federal revenues did not cover the shortfall in state revenues.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested over \$12.1 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expenses for the year were \$415,322.

The original cost of the District's capital assets was \$16,103,204. Governmental funds account for \$15,973,178, with the remainder of \$130,026 accounted for in the Proprietary, School Nutrition Fund.

| Figure A-6 Capital Assets, net of Depreciation (Expressed in Thousands) | | | | | | | |
|--|------------------|--------------------------|-----------|----------------|---------------|---------------|---------------|
| Governmental Activities | | Business Type Activities | | Total District | | Total Change | |
| June 30, | | June 30, | | June 30, | | June 30, | |
| 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 | |
| Land | \$ 209 | 209 | - | - | 209 | 209 | 0.00% |
| Buildings | 11,432 | 11,714 | - | - | 11,432 | 11,714 | -2.41% |
| Furniture and equipment | 413 | 389 | 85 | 56 | 498 | 445 | 11.91% |
| Totals | <u>\$ 12,054</u> | <u>12,312</u> | <u>85</u> | <u>56</u> | <u>12,139</u> | <u>12,368</u> | <u>-1.85%</u> |

Long-term Debt

The District has \$6,855,000 of general obligation bonds outstanding at the end of the current fiscal year.

The District has outstanding revenue bonds of \$1,320,000 for additions/renovations to the elementary buildings.

| Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands) | | | |
|--|-----------------|--------------|---------------|
| Total District | | Total Change | |
| June 30, | | June 30, | |
| 2009 | 2008 | 2008-2009 | |
| General obligation bonds | \$ 6,855 | 7,180 | -4.53% |
| Revenue bonds | 1,320 | 1,525 | -13.44% |
| Total | <u>\$ 8,175</u> | <u>8,705</u> | <u>-6.09%</u> |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Statewide sales and services tax replaced the local option sales tax in fiscal year 2009. Parts of these funds are being used for debt reduction resulting in property tax relief for the taxpayers.
- The District's health insurance costs continue to increase. Control of these costs is necessary to maintain a stable fund balance.
- Allowable growth of 4% or less is inadequate for the District to adequately maintain all of its educational programs, let alone expand offerings.
- Midyear state aid cuts prevent the District from being able to do proper long-term planning.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", "GASB 34", reduction in state aid for juvenile homes and the unfunded PSEO mandate to name a few.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Lewis, District Secretary/Treasurer, Hampton-Dumont Community School District, 601 12th Ave NE, Hampton, Iowa 50441.

Basic Financial Statements

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash and pooled investments | \$ 3,264,817 | 144,040 | 3,408,857 |
| ISCAP investments | 3,366,003 | - | 3,366,003 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 84,152 | - | 84,152 |
| Succeeding year | 4,881,883 | - | 4,881,883 |
| Income surtax | 117,187 | - | 117,187 |
| Due from other governments | 181,147 | - | 181,147 |
| ISCAP accrued interest | 11,202 | - | 11,202 |
| Other receivables | 125,177 | - | 125,177 |
| Inventories | - | 17,275 | 17,275 |
| Capital assets, net of accumulated depreciation | 12,053,991 | 84,993 | 12,138,984 |
| Total assets | 24,085,559 | 246,308 | 24,331,867 |
| Liabilities | | | |
| Accounts payable | 224,697 | - | 224,697 |
| Accrued salary and benefits | 685,582 | 8,662 | 694,244 |
| Accrued interest payable | 26,666 | - | 26,666 |
| ISCAP unamortized premium | 54,352 | - | 54,352 |
| ISCAP warrants payable | 3,317,000 | - | 3,317,000 |
| ISCAP accrued interest payable | 16,083 | - | 16,083 |
| Deferred revenue: | | | |
| Succeeding year property tax | 4,881,883 | - | 4,881,883 |
| Federal programs | 85,809 | - | 85,809 |
| Long term liabilities: | | | |
| Portion due within one year: | | | |
| Early retirement | 70,000 | - | 70,000 |
| Revenue bonds payable | 210,000 | - | 210,000 |
| General obligation bonds payable | 335,000 | - | 335,000 |
| Portion due after one year: | | | |
| Early retirement | 228,319 | - | 228,319 |
| Revenue bonds payable | 1,110,000 | - | 1,110,000 |
| General obligation bonds payable | 6,520,000 | - | 6,520,000 |
| Total liabilities | 17,765,391 | 8,662 | 17,774,053 |
| Net assets | | | |
| Invested in capital assets, net of related debt | 3,878,991 | 84,993 | 3,963,984 |
| Restricted for: | | | |
| Management levy | 323,020 | - | 323,020 |
| Physical plant and equipment levy | 35,270 | - | 35,270 |
| Capital projects | 806,458 | - | 806,458 |
| Debt service | 654,578 | - | 654,578 |
| Categorical funding | 26,121 | - | 26,121 |
| Unrestricted | 595,730 | 152,653 | 748,383 |
| Total net assets | \$ 6,320,168 | 237,646 | 6,557,814 |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|------------------------|--|--|-----------------------------|-------------|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Functions/Programs: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | \$ 7,598,032 | 382,673 | 1,718,438 | (5,496,921) | - | (5,496,921) |
| Support services: | | | | | | |
| Student services | 275,627 | - | - | (275,627) | - | (275,627) |
| Instructional staff services | 334,231 | - | - | (334,231) | - | (334,231) |
| Administration services | 937,527 | - | - | (937,527) | - | (937,527) |
| Operation and maintenance of plant services | 899,872 | - | 33,483 | (866,389) | - | (866,389) |
| Transportation services | 367,378 | 3,722 | - | (363,656) | - | (363,656) |
| | 2,814,635 | 3,722 | 33,483 | (2,777,430) | - | (2,777,430) |
| Other expenditures: | | | | | | |
| Long term debt: | | | | | | |
| Interest | 335,092 | - | 31,201 | (303,891) | - | (303,891) |
| Services | 1,900 | - | - | (1,900) | - | (1,900) |
| Facilities acquisition and construction | 667,553 | - | 69,209 | (598,344) | - | (598,344) |
| AEA flowthrough | 444,565 | - | 444,565 | - | - | - |
| Depreciation (unallocated)* | 403,888 | - | - | (403,888) | - | (403,888) |
| | 1,852,998 | - | 544,975 | (1,308,023) | - | (1,308,023) |
| Total governmental activities | 12,265,665 | 386,395 | 2,296,896 | (9,582,374) | - | (9,582,374) |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|----------------------------------|----------------------|------------------------|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Business type activities: | | | | | | |
| Non-instructional programs: | | | | | | |
| Nutrition services | 590,545 | 270,497 | 348,836 | - | 28,788 | 28,788 |
| Total | <u>\$ 12,856,210</u> | <u>656,892</u> | <u>2,645,732</u> | <u>(9,582,374)</u> | <u>28,788</u> | <u>(9,553,586)</u> |
| General Revenues: | | | | | | |
| Property tax levied for: | | | | \$ 3,627,819 | - | 3,627,819 |
| General purposes | | | | 216,708 | - | 216,708 |
| Management fund | | | | 277,843 | - | 277,843 |
| Capital outlay | | | | 613,723 | - | 613,723 |
| Debt service | | | | 142,072 | - | 142,072 |
| Income surtax | | | | | - | |
| Statewide sales and services tax | | | | 1,070,092 | - | 1,070,092 |
| Unrestricted state grants | | | | 5,128,594 | - | 5,128,594 |
| Unrestricted investment earnings | | | | 53,737 | - | 53,737 |
| Other | | | | 45,128 | - | 45,128 |
| Total general revenues | | | | <u>11,175,716</u> | <u>-</u> | <u>11,175,716</u> |
| Change in net assets | | | | 1,593,342 | 28,788 | 1,622,130 |
| Net assets beginning of year | | | | <u>4,726,826</u> | <u>208,858</u> | <u>4,935,684</u> |
| Net assets end of year | | | | \$ 6,320,168 | 237,646 | 6,557,814 |

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

| | General | Student Activity | Management Levy | Physical Plant and Equipment Levy | Debt Service | Capital Projects | Total |
|-----------------------------|---------------------|---------------------|--------------------|--|------------------|---------------------|-------------------|
| Assets | | | | | | | |
| Cash and pooled investments | \$ 1,191,257 | 32,248 | 319,276 | 32,276 | 643,713 | 625,335 | 2,844,105 |
| ISCAP investments | 3,366,003 | - | - | - | - | - | 3,366,003 |
| Receivables: | | | | | | | |
| Property tax: | | | | | | | |
| Current year | 64,624 | - | 3,744 | 4,919 | 10,865 | - | 84,152 |
| Succeeding year | 3,763,269 | - | 220,000 | 286,569 | 612,045 | - | 4,881,883 |
| Income surtax | 117,187 | - | - | - | - | - | 117,187 |
| Due from other governments | 24 | - | - | - | - | 181,123 | 181,147 |
| ISCAP accrued interest | 11,202 | - | - | - | - | - | 11,202 |
| Other receivables | 125,177 | - | - | - | - | - | 125,177 |
| Total assets | <u>\$ 8,638,743</u> | <u>32,248</u> | <u>543,020</u> | <u>323,764</u> | <u>1,266,623</u> | <u>806,458</u> | <u>11,610,856</u> |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

| | General | Student Activity | Management Levy | Physical Plant and Equipment Levy | Debt Service | Capital Projects | Total |
|--|---------------------|---------------------|--------------------|--|------------------|---------------------|-------------------|
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 222,772 | - | - | 1,925 | - | - | 224,697 |
| Accrued payroll and benefits | 668,307 | - | - | - | - | - | 668,307 |
| ISCAP unamortized premium | 54,352 | - | - | - | - | - | 54,352 |
| ISCAP warrants payable | 3,317,000 | - | - | - | - | - | 3,317,000 |
| ISCAP accrued interest payable | 16,083 | - | - | - | - | - | 16,083 |
| Deferred revenue: | | | | | | | |
| Succeeding year property tax | 3,763,269 | - | 220,000 | 286,569 | 612,045 | - | 4,881,883 |
| Income surtax | 117,187 | - | - | - | - | - | 117,187 |
| Federal programs | 85,809 | - | - | - | - | - | 85,809 |
| Total liabilities | 8,244,779 | - | 220,000 | 288,494 | 612,045 | - | 9,365,318 |
| Fund balances: | | | | | | | |
| Reserved for capital projects | - | - | - | - | - | 806,458 | 806,458 |
| Reserved for debt service | - | - | - | - | 654,578 | - | 654,578 |
| Reserved for categorical funding | 26,121 | - | - | - | - | - | 26,121 |
| Unreserved fund balance | 367,843 | 32,248 | 323,020 | 35,270 | - | - | 758,381 |
| Total fund balances | 393,964 | 32,248 | 323,020 | 35,270 | 654,578 | 806,458 | 2,245,538 |
| Total liabilities and fund balances | \$ 8,638,743 | 32,248 | 543,020 | 323,764 | 1,266,623 | 806,458 | 11,610,856 |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

| | |
|--|----------------------------|
| Total fund balances of governmental funds (Exhibit C) | \$ 2,245,538 |
| <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i> | |
| Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Activities. | 117,187 |
| Internal Service Fund assets that are to be included with governmental funds. | 403,437 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 12,053,991 |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (26,666) |
| Long-term liabilities, including bonds payable and early retirement payments are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds | <u>(8,473,319)</u> |
| Net assets of governmental activities (Exhibit A) | <u><u>\$ 6,320,168</u></u> |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

| | General | Student Activity | Management Levy | Physical Plant and Equipment Levy | Debt Service | Capital Projects | Total |
|---|--------------|---------------------|--------------------|--|-----------------|---------------------|------------|
| Revenues: | | | | | | | |
| Local sources: | | | | | | | |
| Local tax | \$ 3,773,040 | - | 216,708 | 277,843 | 613,723 | 1,070,092 | 5,951,406 |
| Tuition | 343,608 | - | - | - | - | - | 343,608 |
| Other | 180,257 | 370,395 | 7,278 | 26,205 | 31,201 | 69,209 | 684,545 |
| State sources | 6,466,110 | - | - | - | - | - | 6,466,110 |
| Federal sources | 416,487 | - | - | - | - | - | 416,487 |
| Total revenues | 11,179,502 | 370,395 | 223,986 | 304,048 | 644,924 | 1,139,301 | 13,862,156 |
| Expenditures: | | | | | | | |
| Instruction | 7,254,641 | 389,118 | 98,694 | - | - | - | 7,742,453 |
| Support services: | | | | | | | |
| Student services | 275,627 | - | - | - | - | - | 275,627 |
| Instructional staff services | 334,231 | - | - | - | - | - | 334,231 |
| Administration services | 937,527 | - | - | - | - | - | 937,527 |
| Operation and maintenance of plant service: | 770,875 | - | 128,997 | - | - | - | 899,872 |
| Transportation services | 367,378 | - | - | 136,253 | - | - | 503,631 |
| | 2,685,638 | - | 128,997 | 136,253 | - | - | 2,950,888 |
| Other expenditures: | | | | | | | |
| Long-term debt: | | | | | | | |
| Principal | - | - | - | - | 530,000 | - | 530,000 |
| Interest | - | - | - | - | 336,465 | - | 336,465 |
| Services | - | - | - | - | 1,900 | - | 1,900 |
| Facilities acquisition and construction | - | - | - | 138,110 | - | 538,588 | 676,698 |
| AEA flowthrough | 444,565 | - | - | - | - | - | 444,565 |
| | 444,565 | - | - | 138,110 | 868,365 | 538,588 | 1,989,628 |
| Total expenditures | 10,384,844 | 389,118 | 227,691 | 274,363 | 868,365 | 538,588 | 12,682,969 |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

| | General | Student Activity | Management Levy | Physical Plant and Equipment Levy | Debt Service | Capital Projects | Total |
|--|------------|---------------------|--------------------|--|-----------------|---------------------|-----------|
| Excess (deficiency) of revenues over (under) expenditures | 794,658 | (18,723) | (3,705) | 29,685 | (223,441) | 600,713 | 1,179,187 |
| Other financing sources (uses): | | | | | | | |
| Operating transfers in | - | - | - | - | 240,710 | - | 240,710 |
| Operating transfers out | - | - | - | - | - | (240,710) | (240,710) |
| | - | - | - | - | 240,710 | (240,710) | - |
| Net change in fund balances | 794,658 | (18,723) | (3,705) | 29,685 | 17,269 | 360,003 | 1,179,187 |
| Fund balances beginning of year | (400,694) | 50,971 | 326,725 | 5,585 | 637,309 | 446,455 | 1,066,351 |
| Fund balances end of year | \$ 393,964 | 32,248 | 323,020 | 35,270 | 654,578 | 806,458 | 2,245,538 |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 1,179,187

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities
This represents the change from FY08 to FY09

(3,149)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

| | | |
|----------------------|------------------|-----------|
| Capital outlays | \$ 145,398 | |
| Depreciation expense | <u>(403,888)</u> | (258,490) |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,373

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

530,000

Internal Service Fund transactions are not reported in the General Fund as revenues and expenditures, however the General Fund is the source of these revenues and use of the expenditures.

129,084

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|----------------------------|---------------|---------------|
| Early retirement additions | (74,659) | |
| Early retirement payments | <u>89,996</u> | <u>15,337</u> |

Change in net assets of governmental activities (Exhibit B) \$ 1,593,342

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

Year ended June 30, 2009

| | Business Type | Governmental Activities |
|---|---------------------|----------------------------|
| | School Nutrition | Internal Service |
| Assets | | |
| Cash and pooled investments | \$ 144,040 | 420,712 |
| Inventories | 17,275 | - |
| Capital assets, net of accumulated depreciation | 84,993 | - |
| Total assets | <u>246,308</u> | <u>420,712</u> |
| Liabilities | | |
| Accrued salary and benefits | <u>8,662</u> | <u>17,275</u> |
| Total liabilities | <u>8,662</u> | <u>17,275</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 84,993 | - |
| Unrestricted | <u>152,653</u> | <u>403,437</u> |
| Total net assets | <u>\$ 237,646</u> | <u>403,437</u> |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2009

| | Business Type | Governmental Activities |
|-------------------------------|---------------------|----------------------------|
| | School Nutrition | Internal Service |
| Operating revenue: | | |
| Local sources: | | |
| Charges for services | \$ 270,497 | 1,330,683 |
| Operating expenses: | | |
| Non-instructional programs: | | |
| Food service operations: | | |
| Salaries | 220,287 | - |
| Benefits | 43,454 | - |
| Services | 14,699 | - |
| Supplies | 300,571 | - |
| Depreciation | 11,534 | - |
| | 590,545 | - |
| Internal service programs: | | |
| Benefits | - | 1,207,413 |
| Total operating expenses | 590,545 | 1,207,413 |
| Operating profit (loss) | (320,048) | 123,270 |
| Non-operating revenues: | | |
| Local sources | 1,069 | 5,814 |
| State sources | 7,196 | - |
| Federal sources | 340,571 | - |
| | 348,836 | 5,814 |
| Net change in fund net assets | 28,788 | 129,084 |
| Net assets beginning of year | 208,858 | 274,353 |
| Net assets end of year | \$ 237,646 | 403,437 |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2009

| | <u>Enterprise</u> <u>School</u> <u>Nutrition</u> | <u>Internal</u> <u>Service</u> <u>Health</u> <u>Insurance</u> |
|--|--|--|
| Cash flows from operating activities: | | |
| Cash received from sale of services | \$ 270,497 | 1,330,683 |
| Cash payments to employees for services | (263,741) | (1,210,039) |
| Cash payments to suppliers for goods or services | (269,804) | - |
| Net cash provided by (used by) operating activities | <u>(263,048)</u> | <u>120,644</u> |
| Cash flows from non-capital financing activities: | | |
| State grants received | 7,196 | - |
| Federal grants received | 295,877 | - |
| Net cash provided by non-capital financing activities | <u>303,073</u> | <u>-</u> |
| Cash flows from capital financing activities: | | |
| Acquisition of capital assets | <u>(41,027)</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Interest on investments | <u>1,069</u> | <u>5,814</u> |
| Net increase in cash and cash equivalents | 67 | 126,458 |
| Cash and cash equivalents beginning of year | <u>143,973</u> | <u>294,254</u> |
| Cash and cash equivalents end of year | <u>\$ 144,040</u> | <u>420,712</u> |
| Reconciliation of operating income (loss) to net cash provided by (used by) operating activities: | | |
| Operating income (loss) | \$ (320,048) | 123,270 |
| Adjustments to reconcile operating profit (loss) to net cash provided by (used by) operating activities: | | |
| Depreciation | 11,534 | - |
| Commodities used | 44,694 | - |
| Decrease in inventory | (7,890) | - |
| (Decrease) in accrued salary benefits | 8,662 | (2,626) |
| | <u>(263,048)</u> | <u>120,644</u> |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$44,694.

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

| | Private Purpose Trusts | Agency Funds |
|-------------------------------|------------------------------|-----------------|
| Assets | | |
| Cash and pooled investments | \$ 31,155 | 106 |
| Liabilities | | |
| Other payables | - | 106 |
| Net Assets | | |
| Reserved for special purposes | <u>\$ 31,155</u> | <u>-</u> |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

| | Private Purpose Trusts |
|------------------------------|------------------------------|
| | <u> </u> |
| Additions: | |
| Local sources: | |
| Contributions | \$ - |
| Interest on investments | <u>960</u> |
| Total additions | <u>960</u> |
| Deductions: | |
| Instruction: | |
| Other | <u>119,662</u> |
| Total deductions | <u>119,662</u> |
| Change in net assets | (118,702) |
| Net assets beginning of year | <u>149,857</u> |
| Net assets end of year | <u>\$ 31,155</u> |

See notes to financial statements.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Hampton-Dumont Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Hampton and Dumont, Iowa, and agricultural territory in Franklin and Butler Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Hampton-Dumont Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Hampton-Dumont Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Franklin and Butler Counties Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to report all funds as major for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operation fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District's major proprietary funds are the Enterprise, School Nutrition Fund and Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's medical insurance plan.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Land | \$ 2,000 |
| Buildings | 10,000 |
| Improvements other than buildings | 10,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 1,000 |
| Other furniture and equipment | 1,000 |

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|-----------------------------------|--|
| Buildings | 50 years |
| Improvements other than buildings | 20-50 years |
| Furniture and equipment | 5-15 years |

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which are payable in July and August have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures exceeded the amended amounts budgeted in the instruction and other expenditures functions. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2009 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|-----------|-----------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 208,800 | - | - | 208,800 |
| Capital assets being depreciated: | | | | |
| Buildings | 14,412,890 | - | - | 14,412,890 |
| Furniture and Equipment | 1,435,575 | 145,398 | 229,485 | 1,351,488 |
| Total capital assets being depreciated | 15,848,465 | 145,398 | 229,485 | 15,764,378 |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,699,184 | 281,265 | - | 2,980,449 |
| Furniture and Equipment | 1,045,600 | 122,623 | 229,485 | 938,738 |
| Total accumulated depreciation | 3,744,784 | 403,888 | 229,485 | 3,919,187 |
| Total capital assets being depreciated, net | 12,103,681 | (258,490) | - | 11,845,191 |
| Governmental activities, capital assets, net | \$ 12,312,481 | (258,490) | - | 12,053,991 |
| Business type activities: | | | | |
| Furniture and equipment | \$ 88,999 | 41,027 | - | 130,026 |
| Less accumulated depreciation | 33,499 | 11,534 | - | 45,033 |
| Business type activities capital assets, net | \$ 55,500 | 29,493 | - | 84,993 |

Depreciation expense was charged to the following functions:

| | |
|---------------------------|------------|
| Governmental activities: | |
| Support services: | |
| Unallocated | \$ 403,888 |
| Business Type activities: | |
| Food service operations | \$ 11,534 |

(4) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

| | General Obligation Bond | Revenue Bonds | Early Retirement Payable | Total |
|---------------------------|-------------------------------|------------------|--------------------------------|-----------|
| Balance beginning of year | \$7,180,000 | 1,525,000 | 313,656 | 9,018,656 |
| Additions | - | - | 4,659 | 74,659 |
| Reductions | 325,000 | 205,000 | 89,996 | 619,996 |
| Balance end of year | \$6,855,000 | 1,320,000 | 298,319 | 8,473,319 |

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$418,140, \$397,331, and \$361,848 respectively, equal to the required contributions for each year.

(6) Risk Management

Hampton-Dumont Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance, except as described in the following paragraph. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is currently only self-funding \$1,500 of each employee's deductible. The District previously self-insured its health care plan with coverage only for excess losses. All claims from that plan have been paid. The Self-Insurance Fund is funded by the General Fund to the extent of its possible liability. Any funds remaining are deemed to be liabilities to cover any claims the District may receive after the end of the fiscal year.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$444,565 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(8) Early Retirement Payable

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which must be approved by the Board of Education. The early retirement incentive for each eligible employee is based on length of service to the District. Early retirement benefits paid during the year ended June 30, 2009, totaled \$89,996. A long-term liability has been recorded on the Statement of Net Assets (Exhibit A) representing the District's commitment to fund early retirement.

(9) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

| <u>Series</u> | <u>Warrant Date</u> | <u>Final Warrant Maturity</u> | <u>Investment</u> | <u>Accrued Interest Receivable</u> | <u>Warrants Payable</u> | <u>Accrued Interest Payable</u> | <u>Unamortized Premium</u> |
|---------------|---------------------|-------------------------------|--------------------|------------------------------------|-------------------------|---------------------------------|----------------------------|
| 2008-09A | 6/26/08 | 6/25/09 | \$ - | - | - | - | - |
| 2008-09B | 1/21/09 | 1/21/10 | 1,181,961 | 10,932 | 1,167,000 | 15,347 | 12,732 |
| 2009-10A | 6/25/09 | 6/23/10 | 2,184,042 | 270 | 2,150,000 | 736 | 41,620 |
| Total | | | <u>\$3,366,003</u> | <u>11,202</u> | <u>3,317,000</u> | <u>16,083</u> | <u>54,352</u> |

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

| <u>Series</u> | <u>Balance Beginning of Year</u> | <u>Advances Received</u> | <u>Advances Repaid</u> | <u>Balance End of Year</u> |
|---------------|----------------------------------|--------------------------|------------------------|----------------------------|
| 2008-09A | \$ - | 950,000 | 950,000 | - |
| 2008-09B | - | - | - | - |
| | <u>\$ -</u> | <u>950,000</u> | <u>950,000</u> | <u>-</u> |

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

| <u>Series</u> | <u>Interest Rates on Warrants</u> | <u>Interest Rates on Investments</u> |
|---------------|-----------------------------------|--------------------------------------|
| 2008-09A | 3.500% | 3.469% |
| 2008-09B | 3.000% | 2.110% |
| 2009-10A | 2.500% | 0.902% |

(10) Interfund Transfers

The detail of Interfund transfers for the year ended June 30, 2009 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--------------------|----------------------|------------------|
| Debt Service | Capital Projects | <u>\$240,710</u> |

(11) General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

| <u>Year Ending June 30,</u> | <u>Bond Issue of May 1, 2005</u> | | | |
|-----------------------------|----------------------------------|--------------------|------------------|------------------|
| | <u>Rates</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
| 2010 | 3.375% | \$ 276,295 | 335,000 | 611,295 |
| 2011 | 3.500 | 264,989 | 350,000 | 614,989 |
| 2012 | 3.625 | 252,739 | 365,000 | 617,739 |
| 2013 | 3.750 | 239,508 | 380,000 | 619,508 |
| 2014 | 4.000 | 225,257 | 400,000 | 625,257 |
| 2015-2019 | 4.000 | 873,488 | 2,250,000 | 3,123,488 |
| 2020-2024 | 4.100-4.450 | 372,837 | 2,775,000 | 3,147,837 |
| Total | | <u>\$2,505,113</u> | <u>6,855,000</u> | <u>9,360,113</u> |

(12) Revenue Bonds Payable

Details of the District's June 30, 2009 statewide (formerly local option) sales and services tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Bond Issue of July 1, 2004 | | | |
|----------------------------|----------------------------|------------------|------------------|------------------|
| | Rates | Interest | Principal | Total |
| 2010 | 3.00% | \$ 43,690 | 210,000 | 253,690 |
| 2011 | 3.30 | 36,910 | 220,000 | 256,910 |
| 2012 | 3.50 | 29,342 | 225,000 | 254,342 |
| 2013 | 3.70 | 21,058 | 235,000 | 256,058 |
| 2014 | 3.80 | 12,055 | 245,000 | 257,055 |
| 2015 | 4.00 | <u>3,700</u> | <u>185,000</u> | <u>188,700</u> |
| Total | | <u>\$146,755</u> | <u>1,320,000</u> | <u>1,466,755</u> |

The statewide sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$225,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance in that account at June 30, 2009 was \$234,431.
- b) All proceeds from the statewide sales and services tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Required Supplementary Information

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

| | Governmental Fund Actual | Proprietary Fund Actual | Total Actual | Budgeted Amounts Original | Final | Final to Actual Variance |
|---|--------------------------------|-------------------------------|-------------------|------------------------------|-------------------|--------------------------------|
| Revenues | | | | | | |
| Local sources | \$ 6,979,559 | 271,566 | 7,251,125 | 6,666,470 | 6,666,470 | 584,655 |
| State sources | 6,466,110 | 7,196 | 6,473,306 | 6,676,581 | 6,676,581 | (203,275) |
| Federal sources | 416,487 | 340,571 | 757,058 | 591,000 | 591,000 | 166,058 |
| Total revenues | <u>13,862,156</u> | <u>619,333</u> | <u>14,481,489</u> | <u>13,934,051</u> | <u>13,934,051</u> | <u>547,438</u> |
| Expenditures/expenses | | | | | | |
| Instruction | 7,742,453 | - | 7,742,453 | 7,705,000 | 7,705,000 | (37,453) |
| Support services | 2,950,888 | - | 2,950,888 | 4,285,000 | 3,935,000 | 984,112 |
| Non-instructional programs | - | 590,545 | 590,545 | 600,000 | 600,000 | 9,455 |
| Other expenditures | 1,989,628 | - | 1,989,628 | 1,322,254 | 1,772,254 | (217,374) |
| Total expenditures/expenses | <u>12,682,969</u> | <u>590,545</u> | <u>13,273,514</u> | <u>13,912,254</u> | <u>14,012,254</u> | <u>738,740</u> |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 1,179,187 | 28,788 | 1,207,975 | 21,797 | (78,203) | 1,286,178 |
| Other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses | 1,179,187 | 28,788 | 1,207,975 | 21,797 | (78,203) | 1,286,178 |
| Balance beginning of year | 1,066,351 | 208,858 | 1,275,209 | 988,635 | 988,635 | 286,574 |
| Balance end of year | <u>\$ 2,245,538</u> | <u>237,646</u> | <u>2,483,184</u> | <u>1,010,432</u> | <u>910,432</u> | <u>1,572,752</u> |

See accompanying independent auditor's report.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District amended its budget one time during the year increasing total expenditures by \$100,000.

During the year ended June 30, 2009, expenditures exceeded the amended amounts budgeted in the instruction and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

| Account | Balance Beginning of Year | Revenues | Expenditures | Balance End of Year |
|---------------------------------|---------------------------------|----------|--------------|---------------------------|
| IT Adventures Club | - | 749 | 312 | 437 |
| Girls' Book Club | 430 | 856 | | 876 |
| Character Counts | 196 | 1,794 | 1,696 | 294 |
| Key Club | 246 | 627 | 873 | - |
| Art Club | 4,386 | - | 4,386 | - |
| Quiz Bowl | 241 | - | 241 | - |
| Video Productions | 1,650 | - | 1,650 | - |
| Cheerleading | 1,080 | 9,708 | 10,105 | 683 |
| DECA | 1,522 | 7,999 | 8,850 | 671 |
| Drama | 4,003 | 284 | 4,087 | 200 |
| FBL | 629 | 909 | 1,250 | 288 |
| FCA | 624 | - | 353 | 271 |
| FCCLA | 2,030 | 1,879 | 1,610 | 2,299 |
| FFA | 6,291 | 52,912 | 54,646 | 4,557 |
| French Club | 4,394 | - | 4,394 | - |
| Future Teachers | 1,888 | - | 17 | 1,871 |
| International Club | 537 | 326 | 437 | 426 |
| Mock Trial | 356 | 1,549 | 1,122 | 783 |
| Model UN | 273 | - | 273 | - |
| SADD | 2,985 | 242 | 2,927 | 300 |
| Student Council | 1,280 | 2,184 | 2,078 | 1,386 |
| Quarterback Club | - | 108 | 108 | - |
| Drill Team | 523 | 3,208 | 3,612 | 119 |
| Bark | 75 | - | 75 | - |
| Dramatics - Plays & Musicals | 1,088 | 3,335 | 3,563 | 860 |
| Music - Instrumental | (3,907) | 9,668 | 5,761 | - |
| Music - Vocal | (3,822) | 5,044 | 1,222 | - |
| Speech | 272 | 524 | 227 | 569 |
| Publications | (1,557) | 19,229 | 17,672 | - |
| Special Instrumental Fund | 4,888 | 2,964 | 7,852 | - |
| Special Vocal Fund | 541 | 511 | 1,052 | - |
| Special Instrumental - Uniforms | 276 | - | 276 | - |
| Special Vocal - Uniforms | 348 | 151 | 499 | - |
| Class of 2009 | 1,404 | 2,935 | 4,339 | - |
| Class of 2010 | 4,809 | 1,812 | 4,684 | 1,937 |
| Class of 2011 | 4,348 | 25 | - | 4,373 |
| Class of 2008 | 979 | - | 979 | - |
| Class of 2012 | - | 8,774 | 5,035 | 3,739 |
| Activity Fund Change | - | 47,797 | 47,797 | - |
| Soccer | - | 5,962 | 5,962 | - |
| Cross Country | (503) | 974 | 436 | 35 |
| Basketball - Boys | 1,703 | 5,610 | 6,591 | 722 |
| Football | 7,782 | 19,518 | 24,996 | 2,304 |
| Baseball | (5,019) | 10,075 | 5,056 | - |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

| Account | Balance Beginning of Year | Revenues | Expenditures | Balance End of Year |
|----------------------------|---------------------------------|----------------|----------------|---------------------------|
| Track - Boys | (1,157) | 2,231 | 1,074 | - |
| Golf - Boys | (1,081) | 3,265 | 2,184 | - |
| Wrestling | 701 | 8,181 | 8,882 | - |
| Basketball - Girls | 585 | 11,726 | 11,455 | 856 |
| Volleyball | (2,659) | 8,556 | 5,227 | 670 |
| Swimming | - | 750 | 750 | - |
| Softball | (3,096) | 5,401 | 2,305 | - |
| Track - Girls | (1,496) | 2,354 | 858 | - |
| Golf - Girls | (287) | 1,655 | 1,368 | - |
| Activity Tickets | 17,330 | 119,107 | 136,437 | - |
| Middle School Activities | 285 | 8,327 | 7,890 | 722 |
| June 30, 2009 Accruals | (7,693) | 309 | (7,384) | - |
| | 50,701 | 402,104 | 420,147 | 32,248 |
| Less interaccount transfer | | (31,709) | (31,709) | |
| | <u>50,701</u> | <u>370,395</u> | <u>388,438</u> | <u>32,248</u> |

See accompanying independent auditor's report.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Fiduciary Funds - Private Purpose Trusts

Year ended June 30, 2009

| | Robert Davies Scholarship | Dale Hayes Memorial Golf | Captain Roy R Marken Scholarship | Peterson Trust | Liebendorfer Scholarship | Saylor Memorial Business | Maribel Kratochvil Memorial |
|--|---------------------------------|--------------------------------|--|-------------------|-----------------------------|--------------------------------|-----------------------------------|
| Revenues: | | | | | | | |
| Local sources: | | | | | | | |
| Contributions | \$ - | - | - | - | - | - | - |
| Interest on investments | - | - | - | - | 290 | 313 | 357 |
| | - | - | - | - | 290 | 313 | 357 |
| Expenditures: | | | | | | | |
| Instruction: | | | | | | | |
| Regular instruction: | | | | | | | |
| Other | 6,290 | 1,825 | 78,341 | 32,336 | 250 | 320 | 300 |
| | 6,290 | 1,825 | 78,341 | 32,336 | 250 | 320 | 300 |
| Excess (deficiency) of revenues over (under) expenditures | (6,290) | (1,825) | (78,341) | (32,336) | 40 | (7) | 57 |
| Balance beginning of year | 6,290 | 1,825 | 78,341 | 32,336 | 10,031 | 12,055 | 8,979 |
| Balance end of year | \$ - | - | - | - | 10,071 | 12,048 | 9,036 |

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Fiduciary Funds - Private Purpose Trusts

Year ended June 30, 2009

| | Students in Need | Special Education Needs | Red Ribbon | Total |
|--|---------------------|-------------------------------|---------------------|----------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Contributions | 100 | - | 1,261 | - |
| Interest on investments | - | - | - | 960 |
| | <u>100</u> | <u>-</u> | <u>1,261</u> | <u>960</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Regular instruction: | - | - | 276 | 119,662 |
| Other | - | - | 276 | 119,662 |
| | | | | <u>119,662</u> |
| Excess (deficiency) of revenues over (under) expenditures | 100 | - | 985 | (118,702) |
| Balance beginning of year | <u>1,581</u> | <u>36</u> | <u>4,219</u> | <u>149,857</u> |
| Balance end of year | <u><u>1,681</u></u> | <u><u>36</u></u> | <u><u>5,204</u></u> | <u><u>31,155</u></u> |

See accompanying independent auditor's report.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Six Years

| | Modified Accrual Basis | | | | |
|------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 5,951,406 | 5,558,155 | 5,212,791 | 4,891,927 | 4,132,199 |
| Tuition | 343,608 | 310,974 | 247,231 | 280,604 | 249,601 |
| Other | 684,545 | 890,486 | 779,212 | 494,212 | 1,023,487 |
| State sources | 6,466,110 | 6,049,643 | 5,892,259 | 5,450,579 | 5,190,228 |
| Federal sources | 416,487 | 365,253 | 309,272 | 539,351 | 281,425 |
| Total | \$ 13,862,156 | 13,174,511 | 12,440,765 | 11,656,673 | 10,876,940 |
| | | | | | 10,235,635 |
| Expenditures: | | | | | |
| Instruction | \$ 7,742,453 | 7,582,925 | 7,065,695 | 6,997,408 | 5,911,398 |
| Support services: | | | | | |
| Student | 275,627 | 318,331 | 435,746 | 276,580 | 231,504 |
| Instructional staff | 334,231 | 588,486 | 574,654 | 554,673 | 537,013 |
| Administration | 937,527 | 895,293 | 992,143 | 840,642 | 696,654 |
| Operation and maintenance of plant | 899,872 | 976,448 | 996,419 | 908,120 | 818,084 |
| Transportation | 503,631 | 472,626 | 469,573 | 472,622 | 425,901 |
| Other expenditures: | | | | | |
| Facilities acquisition | 676,698 | 1,137,056 | 2,794,866 | 5,774,418 | 1,840,267 |
| Debt service: | | | | | |
| Principal | 530,000 | 510,000 | 620,891 | 420,876 | 120,819 |
| Interest and service charges | 338,365 | 351,320 | 374,007 | 488,742 | 60,321 |
| AEA flowthrough | 444,565 | 415,018 | 397,607 | 366,219 | 350,987 |
| Total | \$ 12,682,969 | 13,247,503 | 14,721,601 | 17,100,300 | 10,992,948 |
| | | | | | 11,295,694 |

See accompanying independent auditor's report.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

| <u>Grantor/Program</u> | <u>CFDA Number</u> | <u>Grant Number</u> | <u>Expenditures</u> |
|---|------------------------|-------------------------|---------------------|
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Education: | | | |
| School Nutrition Cluster Programs: | | | |
| School Breakfast Program | 10.553 | FY09 | \$ 58,947 |
| National School Lunch Program (non-cash) | 10.550 | FY09 | 44,694 |
| National School Lunch Program | 10.555 | FY09 | <u>236,930</u> |
| | | | <u>340,571</u> |
| U.S. Department of Education: | | | |
| Iowa Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 2781-G-09 | 183,483 |
| ARRA - Title I Grants to Local Educational Agencies Recovery Act | 84.389 | FY09 | 2,460 |
| ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act | 84.394 | FY09 | 103,864 |
| Improving Teacher Quality - Grants to States | 84.367 | FY09 | 48,428 |
| Safe and Drug-Free Schools and Communities - States Grants | 84.186 | FY09 | 4,471 |
| Grants for Assessments and Related Activities | 84.369 | FY09 | 7,690 |
| Iowa Demonstration Construction Grant | 84.215K | FY09 | 55,011 |
| Area Education Agency 267: | | | |
| ARRA - Special Education - Grants to States - Recovery Act | 84.391 | FY09 | 33,192 |
| Special Education - Grants to States (IDEA Part B) | 84.027 | FY09 | <u>66,091</u> |
| Total | | | <u>\$ 845,261</u> |

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Hampton-Dumont Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
Hampton-Dumont Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Hampton-Dumont Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hampton-Dumont Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Hampton-Dumont Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hampton-Dumont Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hampton-Dumont Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Hampton-Dumont Community School District's financial statements that is more than inconsequential will not be prevented or detected by Hampton-Dumont Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood a material misstatement of financial statements will not be prevented or detected by Hampton-Dumont Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09 are material weaknesses.

Compliance and Other Matters

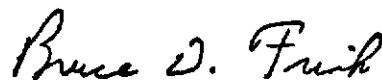
As part of obtaining reasonable assurance about whether Hampton-Dumont Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Hampton-Dumont Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Hampton-Dumont Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Hampton-Dumont Community School District and other parties to whom Hampton-Dumont Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Hampton-Dumont Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 19, 2010

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of
Hampton-Dumont Community School District:

Compliance

We have audited the compliance of Hampton-Dumont Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Hampton-Dumont Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to each of its major federal programs is the responsibility of Hampton-Dumont Community School District's management. Our responsibility is to express an opinion on Hampton-Dumont Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hampton-Dumont Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Hampton-Dumont Community School District's compliance with those requirements.

In our opinion Hampton-Dumont Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Hampton-Dumont Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Hampton-Dumont Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hampton-Dumont Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Hampton-Dumont Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Hampton-Dumont Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Hampton-Dumont Community School District and other parties to whom Hampton-Dumont Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



BRUCE D. FRINK
Certified Public Accountant

March 19, 2010

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
 - (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
 - (c) The audit did not disclose any noncompliance which is material to the financial statements.
 - (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
 - (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
 - (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
 - (g) Major programs were as follows:
 - CFDA Number 84.394 - ARRA State Fiscal Stabilization Fund Education State Grants, Recovery Act
- School Nutrition Clustered Programs:
- CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (i) Hampton-Dumont Community School District did not qualify as a low-risk auditee.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of the internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District does a fine job of dividing incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

II-B-09 Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

CFDA Number: 84.394 ARRA State Fiscal Stabilization Fund Education State
Grants, Recovery Act
Federal Award Year: 2009
US Department of Education
Passed through Iowa Department of Education

CFDA Number: 10.553 School Breakfast Program
10.555 National School Lunch Program
Federal Award Year: 2009
US Department of Agriculture
Passed through Iowa Department of Education

III-A-09 Segregation of Duties - The District did not properly segregate custody, record keeping and reconciling functions for funds, including those related to Federal programs.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response and Corrective Action Planned - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, exceed the amended amount budgeted in the instruction and other expenditures functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:
(continued) :

- IV-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-09 Certified Enrollment - No variance in the basic enrollment data certified to the Department of Education were noted.
- IV-H-09 Deposit and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-09 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

| | | |
|--|----------------|----------------|
| Beginning balance | \$ | - |
| Statewide sales and services tax revenue | | 1,070,092 |
| Expenditures/transfers out: | | |
| School infrastructure: | | |
| Other improvements | \$538,588 | |
| Debt service for school infrastructure: | | |
| Revenue debt | <u>240,710</u> | <u>779,298</u> |
| Ending balance | \$ | <u>290,794</u> |